

Transcript - September 22 AmeriCorps Rulemaking Session

AMERICORPS RULEMAKING SESSION

SEPTEMBER 22, 2004

PHILADELPHIA, PENNSYLVANIA

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PROCEEDINGS

MR. EISNER: We are going to get started.

I want to thank everybody for coming today.

This is the kick off of the second round of comments in the rulemaking process. This is the first official comment period since the draft rules were released and I want to start off by thanking a few people. You will notice that there is a decent representation here of the corporation staff. They want to make sure you know who some of them are from headquarters. I want to thank Cheryl Blankenship. She is our senior program officer for this cluster and also Lois Nembhard, who is National Direct, and Rachael Flores, who is the program officer in AmeriCorps. Frank Trinity, our general counsel, is here. Susannah Washburn, who is assistant to the CEO, and who is responsible for helping make a lot of these meetings work. Charlie Briggs is here. I particularly want to thank Gretchen Van der Veer, who always helps us facilitate and runs our office of training and technical assistance. I want to thank the folks from the state, state offices, Mal Coles, is the area manager, and for Pennsylvania, Jorina Ahmed, who really helped to make this happen. I want to thank all of the other staff from Pennsylvania and from all of the other states in the cluster that are here.

And, finally, you will hear from her in just a second, I want to thank Dottie Johnson from our board for coming to participate in this and hear comments.

Before we do hear comments, I want to try to get there as quickly as possible, I just want to touch on a few key points from the rules that we are trying to do.

We did everything that we could to draft rules that, above all, position AmeriCorps for growth.

We want to increase the leverage of federal dollars so that more programs can get access to those federal dollars and so that we could have more members in the community with those federal dollars and we want to arrive at definitive resolutions to a lot of the long-standing issues around policies that have created challenges in the program, in our appropriations cycle, and a lot of public discussions around AmeriCorps.

We know that the federal share issue is one that folks are particularly interested in. There are a lot of other pieces to this rule that deserve important amounts of scrutiny, everything from the grant selection criteria, to the issues and standards for tutors. We have tried very, very hard to focus on fairness and equity in everything that the rule entails and we believe that we have done what we need to. We believe we have taken important steps in the draft toward addressing issues around potential disparities in rural areas, disparities that are based in areas that are high poverty or otherwise underserved.

We are really interested to get folks' points of view about whether we have done that right and what else we can do.

Overall, once we end up with final rules, we hope that we will end up with a much more predictable, reliable program that our grantees can rely on and plan with to understand their growth, to understand their operations, to understand everything from our cost/fte ratios to what makes programs competitive, and we believe that it is critical in order for us to make these rules as good as possible that we pay very careful attention to what you all say and hope you see that we have done as much as we can to generate as much public discussion and as much comment back from our grantees and other state holders, potential grantees, as we can so that the final rules can be as informed as possible.

So, you are kicking that off today and I have confidence that you folks will do it in style.

I want to note that one big difference between this comment period -- and how many folks here participated in the informal comments in the last one?

(Audience Responding).

MR. EISNER: You may not notice a difference, but we will notice it here. The last round was, because it was informal, we did not have draft rules in place, it was a lot more interactive, we were not carefully prescribed in what we can and cannot say. What we are really here to do today is listen. We may ask questions to make sure we are clarifying the comments that we are hearing to be as useful as possible, but we are not likely to engage in discussion and we won't be answering questions.

Later on, for grantees, I think at 2:00, we are having a meeting that will be a more general discussion. Probably, we won't be able to talk about a lot of things in the rules, but we will be able to more broadly have a discussion and answer questions and so forth. That's not what this meeting is about. We are here to listen to the comments that you have for us.

So, before we listen, I want to have an opportunity to hear from our Board member and former chair of the Board of the Corporation for National Community Service and one of the participants in the rulemaking committee of the board that helped us get it to this point, Dottie.

MS. JOHNSON: Thank you very much, David.

I really came here today to learn from you. I have been associated with this cause probably the entire duration of my career, but I was originally appointed by President Clinton and reappointed by President Bush to serve on the board. Some of you may say, "Well, I don't remember you as chairwoman." Let me tell you, I had a five month tenure. There is a real story there and I might as well tell it because it is tongue in cheek.

The board knew that the board selected their chair and when Bob Rogers stepped down the board elected me and I chaired the meeting, if any of you were there, in Jackson, Mississippi.

Well, about, oh, a month or so later, I read in the Wall Street Journal the president had appointed Steven Goldsmith as chair and I chuckled and Steve, to his credit, tracked me down, apologized. I said, "Steve, that is quite all right. I will resign. I want someone a phone call away from the president." So, all has turned out quite well, but I am here to learn from you. I certainly read all the comments from the informal meetings that you had. We had a corporation Board meeting on Monday in Washington. There were additional comments there. On behalf of the board, I want to tell you we are taking this all extremely seriously. I live in Michigan, where the field is very active, and I have heard from several people on that front, but I welcome your comments today.

MR. EISNER: Thanks, Dottie.

Gretchen Van der Veer is going to walk us through overall how we are receiving comments and how this meeting is going to go.

MS. VAN DER VEER: Now, for the really exciting part, the logistics.

We are in a 60-day comment period, as David mentioned.

So, what we are trying to do during this time is hear from the field, collect all the comments, and there is a very prescribed process for how we do that. So, there are three ways that we are taking comments. The public meetings, this is the first one, there will be four others, one in each cluster of the corporation. We are organized geographically, as many of you know, so, this is our first one here in Philadelphia and we will be tomorrow in Atlanta, Georgia, if any of you want to follow us. We will be in Atlanta tomorrow and by next Monday we will be in Portland, Oregon. Tuesday, we will be in Denver and the following Friday -- we are not getting any rest on our feet here -- the following Friday we will be in Chicago, Illinois. We will be basically running the same format in each of those cities. If you have a comment that you would like to make and did not have an opportunity to make here or you know someone else who would like to make a comment, but can't make it to any of those five cities to join us on our tour, you may participate in a conference call. We have one final conference call on October

, that's a Thursday. It is at _____. You can find out how to register for that phone call on our Web site, and, again, it is the same thing. We will be taking comments, it will not be a dialogue, we will not be answering questions, but we will be taking comments, and you can also fax or email us your comments. You can send the comments to propose a rule at CNS.GOV and the fax number, if you prefer to fax, is on our Web site. Those are the ways that you can be heard through this process.

Now, let's talk about today, how you can be heard today. Hopefully, most of you who attended for comments have signed up. If not, we will, at the end, if there is time, ask for additional comments, but we are really trying to run this in a way that the people who have registered go first and right now we have 11 speakers. Everyone will get five minutes. I will ask a group to come up and sit here. We will have the next speaker on deck; so, I will announce two names, in fact, we'll have two people come up and announce the third name and the third person can sit on deck so we move this fairly quickly and people aren't trying to get out of from their chairs and squeeze between the rows. I will announce the start of the time. At the four minute mark, I will hold up the yellow caution sign, which will let you know that you only have a minute more to go and the minute mark, you get the red stop sign. So, at that point, you will conclude your comments and if David has clarifying questions, or Dottie, they will ask clarifying questions of you, and, as David said, there will not be a general dialogue about anything that was made on the part of anybody in the audience or from here.

That is how it is going to go. At the end of the registered speakers, I will ask if there are any additional comments at this time and then we will have a few concluding logistical things that we will wrap up with.

So, with that, any questions?

MR. EISNER: Before we have another speaker, there is one speaker in absentia, Rosie Mauk. We scheduled her to be here, she is not able to be here because of illness. She has actually been ill for a few weeks and we are hoping that she recovers her energy and health soon. She sent a note that says, "I am so very sorry I am not here with you today. For those who know me, you know it is only the proverbial forces that have dragged me away. Thank you for your interest in AmeriCorps and the future of our program. Thank you to the AmeriCorps staff that are joining today. I am listening carefully, even though I am not present."

I hope everybody joins me in wishing Rosie a speedy recovery and hope that she is able to join this road show.

MS. VAN DER VEER: One final thing, if I pronounce your name incorrectly, please, forgive me. I did not have a practice session before this began; so, with that caveat, Jeff Gale, could you please come up to the podium, and Leman Davis and then Wyneshia Foxworth.

MR. GALE: Good morning. I thought I was going to be number two; so, I was just preparing myself, so forgive me if I am not absolutely perfect in my presentation. And, also, as a former colleague, I feel like I should be sitting over there rather than here, but it is a (inaudible) a very unique experience.

I would like to talk about three things this morning. The first one is the set aside for new programs.

MR. EISNER: Would you state your name.

MR. GALE: Sure. I am sorry.

Hi, I am Jeff Gale. I am with Jump Start. I am the manager of National Service Partnerships at Jump Start and I used to work at the (inaudible) corporation as a program specialist.

MS. VAN DER VEER: Can everyone hear him.

Jeff, speak more closely into the microphone.

Thanks.

MR. GALE: Sorry about that.

I would like to start off with three things that I mentioned. The first one is the set aside for new programs. The second is having new grants started at the legal applicant (inaudible) match and then also members in fund-raising.

I will start off with the set aside for new programs.

Jump Start believes that, and the competition is the best way to determine (inaudible) we're one of the best programs. If you set aside money for new programs, you are not necessarily getting the best programs. New programs should compete with our returning programs and the best ones should be funded and if you set aside -- I mean, if you set aside money for that, you are going to weaken the competition level which will ultimately weaken the National Service group.

Also, I would like to ask you, if it is included in the rulemaking, if you could put a percentage cap on the amount of money that is going to be set aside so that everyone knows, new grantees and also returning grantees, how much money is going to be set aside for new programs.

Then, the second issue, new grants starting at the

legal applicant rate. Enforcing new sites that are on new grants (inaudible) to meet increased match level at a year three, year four level.

Just because the organization has received AmeriCorps funding will put the new sites at a disadvantage.

For example, Jump Start is considering to expand to the southwest this year. We would like to create a new region and that region is going to have its own fund-raising goals and (inaudible) new sites, there will be a new region, there will be a new staff, a new Jump Start, and if you make them start at the harder match rate, you are putting them at a disadvantage. There will be an additional burden to raise those funds when already another new program that has never received AmeriCorps funding starts at the year one level. There will be two sites, both new, one starting year one, and one starting year

three. It is just an additional burden that will make it harder for the program to succeed.

Then, finally, the last issue I would like to talk about is having members fund raise. Jump Start strongly supports this. We think it is a good thing to help organizations with their delivery of service; however, we would like to ask if this is included in the new rule, that the grantees be able to charge the time of development staff to the grants because most likely development staff will have to manage the members directly and this is just like a program manager running the program. It is a legitimate charge, and, so, if you (inaudible) that, it would help the programs a great deal.

That's everything I have to say.

Thank you for your time. I thank you for the process. It has been very open, very fair and very direct and I really appreciate that.

Thank you.

MR. EISNER: All three points are helpful.

As far as your comment that there is a disadvantage for National Direct Program and new sites that they have the same match level as the old sites, do you feel, recognizing the trade off there is with National Direct's ability to flexibly move around on sites, (inaudible), different match requirements away from sites, then all of a sudden National Direct is able to be as flexible. Are you saying that that flexibility is important to you as the ability to have new

sites at a different lower match level?

MR. GALE: Yes, I think so.

I was also talking about (inaudible) grants (inaudible). We have the program grants from -- I should know this number, but I think we have grants with ten state commissions. So, it would be both the National Direct and the state grants. And, essentially, what we would like is that any new site not be thought of as a veteran site. Jump Start might be a veteran program, however, our sites this year, we are adding 15 new sites and with any start up there is always a challenge; so, the less burden we can have on those kinds of things (inaudible).

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you, Jeff.

Leman, you are next, five minutes please.

MR. DAVIS: I am the vice president for key planning for the Star Fund Foundation.

I am really here in support of City Year because we are one of their partners. I love talking about City Year and the Star Fund Foundation, but the message is that I can talk about City Year without talking about Star Fund, not vice versa.

The Star Fund Foundation and Philadelphia nonprofit work with urban children in the range of 6 to 12 years of age.

(Inaudible) soccer is a (inaudible) and academic enrichment. We are (inaudible) fiscal year going to into (inaudible) third fiscal year with the partnership here in Philadelphia.

My message today is one of leverage. Your in-kind contribution for two years, now on the third year, of the (inaudible) of eight people has been actually a critical building block to promote to bring us to grow to the rate (inaudible) tremendous leverage.

One of our goals, they include encouraging children to deal with moral character and try to achieve academic excellence. (Inaudible) Philadelphia Youth just to become the next generation of leaders and role models in their communities and, three, connecting groups of children from urban and suburban communities (inaudible) soccer and community service.

Now, this past year is typical of the involvement of City Year with the (inaudible) and they run our after-school program in four candidate schools in part of Philadelphia. The Progresso (inaudible) that being a latino community, is a very valuable part. There were 16 week cycles for 80 children, one day of soccer and then one day of character count addressing critical issues to these young children going in with a positive attitude, peer pressure, resisting drugs, alcohol and adversity. And I want to say that your (inaudible). And then in addition to the use of the City Year team (inaudible) enhance proceeds to 300 children in the school, which I know in one school they actually had a great deal of improvement in testing recently.

Also, rounding it out to City Year, people were also involved in spring day camps for kids for a week at spring break, one for soccer, one for character count, and (inaudible) urban and private schools where we bus kids out to private schools and they participate in what we call pass work (inaudible) where children from other suburban schools, (inaudible) soccer and character counts (inaudible).

What can I say about, you know, each (inaudible) City Year, which I think (inaudible). It gave this organization the chance to have (inaudible) made financially (inaudible) children and positive feedback, and even in our second year, that was really because of the corps and the start we had from City Year that they were involved in all our programs.

What are some of these dimensions. Well, this past year we had 1,100 children in our enrollment and we had a half million dollar budget and we are now in position to enroll about 2,000 in our next fiscal year, which actually started in July and August, when we had 700 children in our summer program crammed at 32 different sites and this was exciting (inaudible) underway with that.

Another measurement in our public sector partnerships, City Year, the School District, (inaudible) our children's future with health and World Childhood Federation, the Department of Recreation, and corporate sponsors, we're very excited to be with (inaudible) First Trust Bank, Citizens Bank, Wachovia, and the Knight Foundation -- as I am looking at the red card -- the most important thing is they gave us \$50,000.00 for this next year and the coming year; so, again, we wouldn't want to do without City Year in this great stupendous (inaudible).

Thank you.

MS. VAN DER VEER: Any questions, David?

MR. EISNER: No.

MS. VAN DER VEER: Okay.

At this point, let's bring up the next three registered speakers, Yoshiaki Yamasaki, Tracy Elizabeth Clay and Brooks Ambrose. All three of you come up to the table here.

I remind each of you to please state your name and organization for the record. We do have a court reporter here who is basically capturing everything that is being said in this room. That's the way we will be able to read your comments back to you.

Go ahead.

Yoshiaki, you are first, five minutes.

MR. YAMASAKI: Thank you. Yoshiaki Yamasaki, the Philadelphia Age Consortium (inaudible) Service Program right here in Philly.

It is very short and to the point, and in maybe some of my comments maybe are not completely related to the rulemaking, but I wish it would part of it and I will start with people with disabilities.

Now, we are having a specific issue on the members and the members' ability to be part of an AmeriCorps program that at the end of the process will drop them. We are talking about people who are chronically ill that will not recover. We are talking about people with HIV, we are talking about women. In Pennsylvania, African American women have the highest rate of infection right now and it is the number one killer for African American women in the ages between 25 to 34. So, when we are talking about specific issues in terms of membership and the expectations that we have on the membership, one is in the rulemaking you are asking that lowering the cost of FTE will gain the chances of being funded by AmeriCorps and not necessarily that makes sense for people that are on SSI or SSDI. As you know, every time that they actually decide to become a member, their income gets cut and sometimes their benefits get cut as well, I'm talking about medical insurance, benefits, their check, itself, because their living allowance is taxable. So, in that way, what happens is it is not worth for a person that is trying to recover from a long-term illness and trying to go back into volunteering and being a member and trying to stay afloat, so maybe other people that are trying to get back into being a volunteer or being a member gets discouraged by knowing that their benefits are going to be cut. And it is a real fight, in Pennsylvania at least, to get those benefits approved for many of these people. Once they get it, if they feel healthy enough to provide a part-time membership in an AmeriCorps program, that doesn't necessarily mean they will continue to be able to do it because they get their benefits cut; so, that's one of the points we need to have consistency across the nation in terms of how is that the government and Social Security officers treat AmeriCorps programs in a different way. Some of them they get their check reduced, some of them they get all their benefits cut; so, if we can't have a legislature that actually makes sense for all of the members (inaudible) for people with disabilities for the chronically ill.

The other point that I wanted to just raise in terms of rulemaking is the ability of all the members to be able to go direct from (inaudible) on an individual basis without having to have restrictions on it. It is really great in terms of to be able to do the possibility of makings of the program.

Last, is a point that I make earlier, the taxation on the living allowance. If we have a program that taxes living allowance, then we are not talking about a member service program, we are talking about where -- and this is a very old discussion -- in (inaudible) and I know that, but if you lower the cost of the FTE for people with disabilities in order to be more likable in terms of being more cost-effective, it is not necessary for people with disabilities -- they will not come to the program and they will not try to do it.

That was five minutes. Sorry.

MS. VAN DER VEER: Okay.

MS. CLAY: Good morning.

My name is Tracy Elizabeth Clay. I am the executive director of Teach for America here in Philadelphia.

As I hope you are aware, Teach for America is one of the oldest national grantee programs of the national corporation and we are the largest. We have more than 3,000 members nationwide.

We expanded here in Philadelphia just last fall. I am pleased to say that we have 200 teachers teaching in 48 schools across north, south and west Philadelphia reaching 16,000 children every single day.

Let me share with another speaker. Earlier, we expressed our gratitude towards the leadership of the corporation, about the spirit in which you approached this rulemaking proceeding, your willingness to listen to the grantees who are out there building every day and has been for many, many years.

I would like to say a few remarks. The first one being we do share some of the concerns that have been raised by members of the Save AmeriCorps Coalition and we will leave it to them to make that hit, because I am sure they can be more eloquent than I, but I did want to make that remark first off, because I am going to direct a few comments to that in professional corps. Teach for America is one of the few professional corps within the AmeriCorps network and that makes us somewhat distinct, so much so that based on our experience we believe that the current guidelines actually disadvantage professional corps and we strongly urge the corporation to consider setting aside an entirely separate set of guidelines and processes for professional corps. We operate a completely different model than many of the other grantee programs, because as a professional corps, our corps members are hired and paid for by outside members who understandably expect them to fulfill requirements of that particular profession and are, therefore, limited in our ability to control their actions and activities. As a result, we believe that the current set of guidelines often put us at a disadvantage with our function with the corporation and the commission and, frankly, discourages the formation of other professional corps we think could provide really a unique and profound contribution to the unique movement.

In the absence of our creating separate guidelines for professional corps, Teach for America does strongly believe that the corporation should consider in this rulemaking a change in the waiver process for how volunteers are leveraged and more generally how waivers are requested currently, and the rulemaking codifies this, when an organization that is not capable because of their program (inaudible) to meet (inaudible) requirement, for example, leveraging volunteers. The waiver

process takes place simultaneous with the application process, and, so, an applicant, in that case ourselves, would be submitting an application often with a critical section of the application not completed, because at the same time we are actively pursuing a waiver. In several instances, this has disadvantaged us because the waiver has been denied on the backend and the viewers are left with an application that appears to them to be incomplete and less than persuasive; so, we would urge the commission to consider structuring the process so that waivers could be sought by potential grantees on the front end of the process so that they would know before they submitted their full application whether or not they needed to address a particular aspect that they otherwise might not address because they needed a waiver.

For us, a particular issue may be a requirement of leveraging volunteers. While we fully support that as a goal of the commission, as a professional corps, it is an extremely difficult requirement for us to meet. Our corps members are full-time teachers, and, as such, academic requirements of the teaching profession, we cannot require them or direct them to bring volunteers arbitrarily into the schools in any way that would be disruptive or antithetical to the school itself in the urban school district that require (inaudible).

MS. VAN DER VEER: Thank you, Tracy.

Are there any questions, Dottie or David?

MR. EISNER: Are you going to be submitting any additional comments in writing at all?

MS. CLAY: I believe Teach for America is. I am personally not here, but I believe that our organization has already done so on this by fax.

MR. EISNER: As far as the waiver process goes, it will be very helpful to know any specifics that you are able to provide.

MS. VAN DER VEER: Thank you very much.

Brooks, you are next, five minutes.

MR. AMBROSE: Thank you.

My name is Brooks Ambrose and I am an alum of City Year Greater Philadelphia and I am here from West Virginia.

I think the new rules are fair and appropriate and I don't think they're going to hurt City Year Greater Philadelphia that much because my concern is about the proportion that a program budgets in in-kind and cash resources, and, as you know, our urban programs can, and don't have difficulty raising the cash, but to -- I also appreciate that you have

given a lot of attention to economic repressed regions in the new rules and I just wanted to describe what I perceive as a potential unintended consequence of matching the schedule for (inaudible).

Most communities in West Virginia are very economically repressed, but that isn't to say they're not viable, and what happens in West Virginia communities is that the economy is (inaudible). They have known this for a very long time. They know how to live without cash; so, programs in these communities won't have trouble meeting the match in-kind, but they will have trouble meeting it in cash, and the way that the rules are designed, I think, will cause a structural change in the quality of service for the following reasons:

Over time, I think that all corporation monies are going to be going to stipends because you can't pay stipends with in-kind. After the tenth year, it is fifty percent. A lot of the money will be going into stipend and also money -- anything that can't be (inaudible), which includes transportation, in my opinion, the price of gasoline for organizations that are trying to get through independent rural areas, and also because of supervision of the (inaudible) members, it also (inaudible) (inaudible). So, what I think that might happen, and I honestly don't know (inaudible) closest would be in reality, but I hope what the corporation keeps in mind is that over time initiatives that must use cash resources, and I am thinking of field trips for kids, buses, hiring supervisors for long-time community projects, mirror projects, will slowly sort of be phased out with the program still being able to meet its matching funds and I am not sure if the corporation will be able to see these (inaudible).

Thank you very much.

MS. VAN DER VEER: Thank you, Brooks.

Seeing that we have no further questions here, let's go ahead and bring up the next three speakers, Kristen McSwain, Allison Cairo and Marty Freidman, please come up to the table.

Susannah is going to remove the one microphone that is not working. You will have to switch the microphone back and forth.

MS. MCSWAIN: Good morning. My name is Kristen McSwain and I am the Executive Director of the Commission in Massachusetts.

I have a ton of comments to make, but I am going to start first with the increasing match and the four ways that I think the corporation is unintentionally missing an opportunity to get more national service for fewer national service dollars.

The way that we have defined sustainability is that organizations that have the same EIN number after four years the match increases and I think the four kind of structural issues with that are the proposals do not differentiate between a program and applicant organization that serves as a fiscal agent to multiple organizations.

So, if I am a large organization, I am providing support to small community-based organizations and then after about five years decide to run my own program, I am

penalized for having supported other organizations in the past, so that my match then is always required to be at the higher match.

The same problem applies to organizations that do a disbursed crew model. So that if I am applying as an applicant and I have members at different organizations and over time as those individual programs become sustainable, I change where my members are placed, that would require the new partner organization in their partnership to provide greater levels of match, which is discriminatory to them as well.

The third way is that the rules don't distinguish between a program and a sponsoring organization. For instance, earlier, the example of Jump Start was used, and that directly relates to the commissions who have applicant organizations and are starting a new program in their state and those new programs have all of the sorts of challenges of new programs, but they're going to have this requirement to meet the greater match.

Lastly, there is the issue of replication. There is no real distinction between replicating a successful model program and the new locale with a new population.

For example, you have some programs that have done something very successful with a policing model. The locale decides, you know, this would be really great with a fire model. The same organization is going to run it, but they're going to be subject to these match requirements that are higher. In each of these cases, the corporation is not only creating this detriment to these programs, but at the same time missing out on the expertise, the organizational branch in terms of administrative systems, knowing the regulations, setting up partnerships that actually have viable described responsibilities so that there is no confusion.

I think that one of the ways to sort of get around this in the rule would be for the corporation to include a sentence that said something like the following: That applicants opting to replicate a successful AmeriCorps model would be considered new for the purposes of match and sustainability expectations. If an experienced legal applicant was replicating another organization's model or replicating its own successful model with a 100 percent new issues population or geographic region; so, that is part of my first set of comments.

The next set of comments is in terms of the grant selection criteria. There is a section that talks about materially weak commission and it is referenced in 22.430. I am interested in knowing what criteria would be used to determine the state commissions, sort of what the process would be for that, but more importantly how that would be communicated to the field.

Our organizations that are competing for competitive applicants or applications aren't going to know that their commission isn't going to be awarded competitive applications. They're going to spend all this time going through the process and in the end won't be funded through no-fault of their own and will not know up front that is kind of an exercise in futility. That's an issue of fairness to them.

The next piece is in regards to proposed rule 2522.475. Using the selection criteria and priorities for selecting formula programs, in the new proposed rules they state that the corporation will not require states to use that. I think the concern I have is that the statute lays out that you do actually have to use them and that provides a quality, a universal program quality, in terms of each state having the same emphases on

different components. I think that's something that should continue. I think it is also something that we should look at in terms of different states. If they don't have mandated criteria from the federal government, does that mean they then have to use state procurement laws, what will that do to quality, what will that do to people who have, by virtue of their model, a higher cost per member versus someone else who has a part-time model? Does that mean they'll always have to fund a part-time member (inaudible) because they're a lower cost per member. According to state guidelines, what are those sorts of implications?

Then, finally, I do want to thank you for the opportunity to submit the rest of my comments in writing.

MS. VAN DER VEER: Thank you, Kristen.

Any questions Dave or Dottie?

MR. EISNER: Do your written comments go into what you think will be the -- how your proposed additional language around EIN number and regarding the programs as matching numbers? Do you go into any of how that gets operationalized?

MS. MCSWAIN: No, but I can, if you like.

MR. EISNER: Again, I just ask the question, as we are balancing issues, do you think that the ability for an existing organization to be able to flexibly distribute resources in sites more or less important than the ability to make sure that a new site has a lower matching number?

MS. MCSWAIN: I think that what you just articulated applies only to one particular type program and that would be National Direct. The others I outlined for you don't operate that way.

MR. EISNER: As far as some of the other models go, do you have any concern that if you're looking at the models that you are talking about, where there is a predispersal model for an organization that is moving its fiscal agent and moving around (inaudible) that your proposal could create artificial churn and create incentives for organizations that are initially more politically churned members in that organization and do subgranting deliberately in order to keep the matching?

MS. MCSWAIN: I don't think I actually understand what you are getting at.

MR. EISNER: An organization keeps sending its members to an old site, without sending the member -- but then it decides it's

going to try membership in a new site, and, if I understand your proposal, it would bring the match down to the new site and the new age, as opposed to having the match be (inaudible).

Am I misunderstanding your suggestion?

MS. MCSWAIN: I think so, because you are talking about one specific instance of an organization that actually controls the different members moving from site to site.

What I am talking about is an organization that is applying to be a fiscal agent on behalf of someone else.

So, for instance, I have a very small community of, let's say the Black History Alliance is applying to run an AmeriCorps program. They have not the infrastructure to do that. They go to, I don't know, the United Way, and the United Way applies on behalf of them, does all the fiscal management, doesn't do the program oversight, the program does that, the program generates the match, they do all of that, then the United Way is serving only as the fiscal agent, they decide after five years that they will apply for their own program based on their own needs. They would have a higher match requirement and that's not fair.

It also puts --

MR. EISNER: I thank you.

I understand the comment.

MS. MCSWAIN: The other ones are subsequent to those.

MS. VAN DER VEER: Great. Thank you, Kristen.

Allison, you are next. Five minutes.

MS. CAIRO: Hi, my name is Allison Cairo. I am the program director at New Jersey Community Water Watch, which is a program in New Jersey that has been around for about ten years now, and we actually work in 12 communities throughout the state working to help communities improve their local water quality, which anyone who has been to New Jersey knows it is something we are pretty concerned about in our state, and, fortunately, we have a lot of just wonderful urban and suburban waterways in the state that people either feel like they can't use because of all the pollution problems that they're facing, or, in some cases, there are actually people that are, in fact, fishing out of the waterways, things like that, without really knowing the health ramifications.

So, what we do is we work with communities and with college students to help them to educate about the local water quality programs so that people find out more about what is going on in their own community. Then we also do a variety of service projects, like river clean ups and environmental education in schools and street monitoring to help people learn to protect their local waterways.

I just wanted to describe our program to you before I make my comments.

Overall, after reviewing the new revised rules, I think, in general, we do tend to agree with a lot of the comments that SaveAmeriCorps has submitted and I don't want to go too much into detail because I think they have done it, but I did want to describe how I think a few of the rules would impact our program specifically.

One of the things that we're most concerned about I think is the rule about increasing the match requirements over time. I think the thing that concerns us most about this is that we are worried -- well, we worry about ourselves and other programs in our state to be able to continue to run their programs over time for a couple of main reasons. We

have, over the years, done a variety of things to try to meet our match in a lot of our local communities. Everything from, you get a good amount of in-kind from New Jersey Perch, which is the group we are running through. We also have a lot of local foundations that have given us grants over time. We have also gotten businesses and in-kind from a lot of colleges and universities in the communities, but one of the things that worries us about our ability to actually continually raise this match over time is that a lot of these groups, and, particularly, a lot of local foundations, are able to give resources for a lot of the materials that the programs need to run. For our example, the area gives stream monitoring supplies, things like that. What they're not able to provide is a lot of this, and things to, for example, hire people to work with the members to deal with those people or to pay for the travel, things like that. They just tend to have less resources in that regard; so, for smaller programs like ours, that tends to be something we worry about in our ability to meet that increasing match over time.

Then, I guess the other thing that we would worry about, not just for ourselves, but also for a set of other programs that operate in a lot of the lower income communities and things, is the ability, because in a lot of those communities the small foundations are basically trying to cover a wide variety of needs. I guess one of our concerns is that these rules would actually make it harder for grants to run a lot of small AmeriCorps programs in a lot of these poor urban communities where they really have very limited (inaudible) to provide. So, that was sort of the first point I wanted to make.

The second point I wanted to make is actually about the sustainability focusing solely on fiscal sustainability. Our program is actually a little bit like what you described, in that our AmeriCorps members serve, as I said, in 12 communities and over time in those communities they seek to help the communities become sustainably able to work on their water quality by themselves and I actually know this personally because I was an AmeriCorps member with a similar program in Massachusetts and the community we were at was serving. We were able to work with a variety of fishermen associations, other local associations, and by working with them to do things like organizing river clean ups, doing our stream monitoring, they were in turn able to take over doing a set of those activities which then allowed our future members to work with other groups in the community and continue to deepen the amount that the communities are able to do about their local water ways. And, that, in my mind at least, was something that our program was doing, that was, in fact, allowing the community to sustainably do this activity over time, but because we were doing this, because then in a few years we might be able to move that AmeriCorps member to another community because the community had gotten all of these great resources going and did not need to be a member anymore, we wouldn't then necessarily be able to meet the fiscal sustainable costs, but rather we would have to go to another community and get that local community to fund raise on our behalf.

So, those were our main concerns.

Overall, I want to thank you very much for giving me the opportunity to speak and this is my first one I have been to, but all the comments back and forth have been really great.

MS. VAN DER VEER: Thank you, Allison.

David or Dottie?

MR. EISNER: I have two questions. As far as the questions about whether certain kinds of urban or rural programs can meet the requirement, are you saying or implying that the places where the rule is contemplated there may be some organization there that articulate the manner in which the corporation would seek to address those at-risk organizations is insufficient?

MS. CAIRO: I think the, I guess, main concern that I have is that, although it is addressed in that section, overall, just in general, the focus of the rules on having sort of the cost-effectiveness of each programs' FTE is counted as sort of the criteria for which programs are going to count and all of those different aspects of the rules, I worry that although it is definitely noted in there, I worry that it might not be enough to actually (inaudible), and, in fact, AmeriCorps tends to be most useful in a lot of these great communities, so there are probably more programs that would fall into that category.

MR. EISNER: Thank you.

The second question is similar.

I don't want to be putting words in your mouth. Are you saying that the current criteria, on the non-financial side, the current criteria that is meant to say that an organization that demonstrated sustainability, for example, through community and picking up activities that were formerly picked up by members who give that organization a competitive advantage, that insufficiently addresses that sustainability?

MS. CAIRO: That, I thought, was a great part of it and then I think that the part that concerned me was that although that is noted in there, still, really, when you read the main criteria that you will be looking at to evaluate which program will get it, it really is sustainability that gets the most heavy weight definitely.

MR. EISNER: Thank you.

MS. VAN DER VEER: Okay. Marty, you are next.

I want to remind everybody to talk close to the mic.

Marty, I wanted to mention that to you because the court reporter needs to be able to hear.

MR. FRIEDMAN: I am Marty Friedman. I am the executive director of EducationWorks and the executive director of the National School and Community Board for the AmeriCorps program for the last ten years, since AmeriCorps started.

I want to begin by thanking the corporation for this whole process. The free rulemaking process, the posting of issues, the hearings and conference calls, I really deeply appreciate all the opportunities that have been provided and this hearing, it is just a wonderful thing to see.

The first brief comment is about context. The corporation responding to a directive from congress to reduce the federal cost per participant and increase the match. I believe this directive is wrong headed, that all of us with a stake in AmeriCorps will be better served

by working with Congress to drop this directive. AmeriCorps is already a highly cost-effective and highly leveraged federal program. AmeriCorps is considerably less expensive than other federal programs in the same arena, such as in education. This directive conflicts with the president's executive order to increase accessibility of AmeriCorps and to faith-based and grassroots organizations because it provides disincentives for organizations to get involved, and I support the president's position.

The corporation also attempted to increase access to AmeriCorps programs by more organizations, are reducing the amount individual grantees can receive. I believe this is also likely to do more harm than good. We would be far better off working hard to increase the amount of funding available as a means for growing the AmeriCorps family and it is critical to our success there be an increase in funding far above the current level to have programs which are strong, provide important service and great member experiences, and when warranted by their performance, are sustained over time by federal funding.

Given my point of view, I believe the corporation should comply with the congressional directive, of course, but in a far less aggressive manner than is contained in this rule.

I believe the rule to increase the grantee share to 50 percent leads some programs to close and organizations not to apply. In the last nine years, I have consulted with many organizations around the country trying to assist them in becoming AmeriCorps grantees. I have done so often at the urging of corporation staff to such potential applicants, as well as some state EDs. Many of these organizations have decided not to apply. And I have met with a number of grantees who are struggling, trying to help them find a way to make it work. Some of them have since dropped out. The match requirement and the five percent restriction on administration were common reasons among those who both dropped out and failed to apply. The corporation has asserted there is data to support the claim that folks can meet this requirement. My own program has matched at this level for the last two years and this problem contributes to that data and commences a tremendous sense of guilt on my part; however, there is no certainty this can be sustained year after year. Private and public funding is not that certain. There is little about a program called longevity that enhances this certainty. In fact, many private funders, individuals, foundations and corporations are well-known for having a three-year limit on their giving, for setting off the new direction, for opting for what is new, rather than what is tried and true. Many private funders look at their money as start up and seed money and explicitly (inaudible) the role in providing continuation funding over a long period of time, and many, including public funding agencies, also explicitly state their funds cannot be used to replace federal or other funds which were previously available, plus the idea that longer running programs should be in a position to obtain ever greater levels of private support flies in the face of well-established policies and practices of many in private and public sectors. To comply with congress, at least until such time as this directive is no longer in force, I suggest an increase to 33 percent over a 10-year period, not 50 percent.

I believe the rule to put more weight on an applicant's cost per member also leads some programs to close, reduce the participation of new applicants and, perhaps, most importantly, drive down quality as program reduced training, member support and even changing the mix of their staff to have more less experienced, less expensive staff, as a primary way to reduce enhanced consistent predictability.

I encourage the corporation to add rules in three areas that are not currently addressed in the rules.

First, I would put in rule permission for programs to refill slots in the same manner we did prior to the pause. Second, I would put a rule permission for programs to divide slots between full and various part-time categories in the same manner that we did prior to the pause. And, third, I would index the maximum award per FTE to increase the living allowance, program benefits and the cost of living and I would recommend using the \$12,800 of program year 2002 as the base year for such indexing.

Thank you very much.

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you.

Any questions from anyone on the panel?

Thank you very much.

The next group coming up, we are going to start with Wyneshia Foxworth, please come on up, and you will be the next speaker, Pat Schwartz and Rowena Madden.

I would like to remind everybody to state their name and organization and speak as close to the mic as you can so that our court reporter can hear you.

MS. FOXWORTH: Good morning.

My name is Wyneshia Foxworth. I am the proud program director for City Year Philadelphia.

MR. EISNER: Please speak closer.

MS. FOXWORTH: Okay.

I want to talk to you briefly about three rules that affect my program on a daily basis.

Before I go into that, I want to talk to you about my AmeriCorps service.

I worked in an elementary school kindergarden class with a young man named Christopher. He was falling behind and he had ADD, as well as his language (inaudible). During my year, I was able to support him to get him to write his name, improve his social skills and help service learning projects for the class that year. I did that along side ten other members. During that year we lost a couple of our members, but through the old rule, we were able to refill those slots and be able to have a successful year. Under the new rules that are currently in place, we would lose that ability to refill slots, which means that the commitment to the students, school and our community will not be fulfilled. We would have to lose those slots, which means that if a person was in a school with say five members, and they lost three, there would only be two members and they would be doing the amount of work that five members were supposed to be doing.

I propose that we put back into place the rule about refilling the slots. It is important to the community and the children that we serve that we come back and do what we said we were doing to do.

It also plays back into the longevity of the program, which brings me to my second point, evaluation.

In the new rule, it states that we need to get third party evaluation, which is an expensive process. We can't afford to run our program on a day-to-day basis and get a third party behind us.

What will be helpful is if the corporation would come up with standardized tools or not require third party response. It will help make sure that those five crew members that are working in that classroom maintain their level of excellence, as well as gives them an opportunity to see they're out there doing a good job, which brings me to my last point.

The commission, from my understanding, and I could be totally wrong, but most of the decisions will be made at the federal level and you are taking away some of the power of the state commission. I want to tell you that my state commission is great. They understand my local community. They understand what is going on in my state. They support me on a day-to-day basis in applying for new grants, in applying for new money, they are the ones that understand what is going on. I appreciate everything that the federal government is doing for the corporation at that level, but they don't understand what I do on a daily basis. They aren't in my community, they aren't in my state. They don't get the holistic view. I need somebody that I can pick up the phone and call and say, hey, I need this. This isn't working for my members. I need this training. Can you hold this? They also hold events that bring my (inaudible) together. So, I would ask that you also keep the decision making at the commission level, if at all possible.

Thank you.

MS. VAN DER VEER: Are there any questions?

MS. JOHNSON: Just a point of information.

I happen to concur with you about state level interest, and FYI, I was on the first commission in Michigan, served for nine years, and I know exactly what you are talking about and the value of that. There are other board members who have as well; so, I don't want you to think that we were all political appointees for one reason or another without grassroots.

MR. EISNER: What I would like to know is can you identify a decision that was moved in the rules from the commission level to the federal level?

THE WITNESS: My understanding is, as far as the application is concerned, that it will be prepared at the corporation level now and not at the commission level, where, (inaudible) as I said state commission that my application goes through them first and then goes to the corporation, but that was going to be removed.

MR. EISNER: I have to look to see. I can't identify anything in the rule.

I am interested from anyone -- I actually heard this argument generally a couple of times in (inaudible) identifying specifics on where they feel that as part of the rules any decision making left at the commission level.

MS. VAN DER VEER: Pat, you are next.

MS. SCHWARTZ: Good morning. My name is Pat Schwartz. I am currently a program officer for the State Commission of New Jersey.

To give you a little background about myself, I started about nine years ago as program coordinator for a public safety program called Just Serve that focused in West Kensington/North Philadelphia area labeled the Bad Lands featured in ABC Nightline, as a high crime, high drug area. That program is operated from a small grassroots organization.

After leaving Just Serve, I moved into working with the National School Community Center City Wide (inaudible). My responsibility was to train the many board members working directly in the schools. Before, in another life, I taught for many years; so, it was good to come back and working with children.

I really didn't plan to speak today. I am a little bit nervous, but in my conversation with you folks, I tend to get very passionate about the causes of AmeriCorps and the grassroots organizations.

In my days in working in the grassroots, working with the community members who became AmeriCorps members who were able to impact their community and their own lives and the training that they received to impact the (inaudible) is absolutely incredible and the crew members who had moved on to become teachers and police officers and used their education award to go to school at night and (inaudible) their family, (audible) skills they gained, life experience, the sense of pride that went on and continued; however, those organizations no longer have AmeriCorps programs because of issues of the fund-raising match and it just became too much and we consciously decided not to involve the AmeriCorps program, recognizing that I would no longer have employment, but we could no longer exist.

So, my request to you is to really consider in the rulemaking the special needs of the small grassroot organizations, (inaudible) for my interest in urban and also that I can tell you there are rural organizations where in looking at the rulemaking (inaudible), the corporation will consider technical assistance for the small organizations that have issues raising match. Technical assistance is one thing. If you don't have the staff and the folks to go out there and do that, there is just not a good meet to needs, whether it be having a separate pool of money or separate rules for those organizations that have smaller budgets and smaller incomes and smaller staff to really assist them, because I really firmly believe that these grassroot organizations are the ones that make a greater impact on the community, for the members of the community, and the AmeriCorps members, often who go walk back into their neighborhoods and communities and continue to volunteer services. For those who continue on in their community, we talked earlier today about the inability of those small grassroot organizations to make those partnerships with those corporations or with those foundations because it takes time, it takes staff, and if you are an executive director of a small organization or

program director running AmeriCorps programs, working with members, you don't have the time to develop those relationships or to write those proposals or to write those (inaudible). It really is an issue of man power; so, I really do make a plea for those small organizations to address those issues, if the corporation would do that.

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you, Pat.

Next is Rowena Madden.

MS. MADDEN: Good morning, everyone.

Thank you very much for enabling us to come and speak. I am with the New Jersey Commission and Community Service and I brought readings from New Jersey and will probably send in a more formal written comment.

We thought a lot about the (inaudible) AmeriCorps of paper and I had generally positive response from my members, but I did not feel I could make a formal presentation on that today since I did not get all of their votes at this time.

Giving a great deal of thought to this, I decided I would confine my comments not to the specific recommendations in that paper, but to ask you to accompany me on a brief journey to the world of social services. About 29 years in state government of New Jersey, 19 of them with the Department of Human Services generally as a senior policy advisor to the commissioner of human services. The next tenure was with the Department of Education, where we brought AmeriCorps, and prior to that in the '60s I was in the civil rights movement, and in the '70s served in the Methodist Community Center in rural Louisiana. So, I kind of come from the world of social services and what I have begun to think about is the fact that perhaps among the leadership and the corporation there needs to be a greater grounding in that world and in the world of small environments and in the world of education, and, I guess, my comments I am phrasing as what it takes to run CBOs, what it takes to make progress on social issues, and what it takes to provide measurements of that progress.

Many CEOs in social service agencies really have staffs of five or less or ten or less.

Our AmeriCorps programs are actually running in the world of social services huge programs. I mean, when you are supervising, we'll call them members, or employees, when you are supervising ten or twenty or thirty or forty AmeriCorps members, you are a major nonprofit entity. You may be within a nonprofit, but you are running one. For the most part, I think most AmeriCorps program managers are paid between \$35,000.00 and \$45,000.00. We expect them to be grant writers, human resource managers, fund raisers, evaluators, volunteer generators, educators, computer experts and contract administrators. We expect them to meet the needs of highly diverse groups of employees who are members, some of whom have no work experience, some of whom have no GED or high school, some of them who have educations that far surpass our core program managers, some of whom come with mental health issues or other disabilities; so, we are asking a lot of these CEOs and we are really, from my perspective, not giving them the support they need.

Secondly, the next issue of what it takes to bring social progress. I would love to see us engage in a wider discussion of this issue, not so much in rulemaking, but really from our hearts and souls as well and I will give you a couple of examples.

During my years in human services, we were involved in some of the fundamental welfare reform efforts that (inaudible). New Jersey was in the forefront of many of them and our branch dealt with the larger ones. The running of these programs, one of which we got \$7 million a year for four years to run this one program. They put almost as much money into the evaluation of those programs with the control group bringing assignment studies of those programs. It was very expensive. In the final analysis, welfare reform in this country is based on all of those demonstrations done in New Jersey and Wisconsin, and the difference between the control groups, who got no services, and the activity or treatment groups that got lots of services, was only between three and six percent difference. We have changed the whole world of welfare based on that tiny amount, as Judith Gearon says from the Empire Demonstration Research Corporation, and Senator Lenahan called her Our Lady of Small but Statistically Significant Change, social service is tough, social progress is very tough.

We also had a program called Teen Progress Solution encouraging mothers of one child on welfare not to have another child. (Inaudible) and that was in Chicago, Camden and Newark, and I would go out to the programs and (inaudible), she'd say, "Well, this is the greatest program in the world, none of my young ladies has had a second baby." At the end of the program, Donna Shalala had to report that everybody in the control group and everybody in the treatment group had a second baby.

So, that showed me two things, that social service and social change is tough and that people who are doing social services should not be evaluating.

I would say just finally, earlier, about two years ago, I was in a corporation called upon, Urban Institute, to give a study on how (inaudible) performance measures and they talked about a developmental collaborative approach, which I don't think (inaudible), and I would love to see us return to that Urban Institute paper and talk about a new developmental approach.

We thank you very much for talking with us and hearing us out and we want to work with you, as always. We love AmeriCorps and we love your wonderful staff.

Thank you.

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you, Rowena.

Are there any questions from the panel before everybody leaves?

Great. Okay.

I have one more speaker who has signed up, and that is Robert Tietze, can you please come up to the table, but can I ask in the audience if there is anyone else who would like to come up and join Rob so he is not alone at the table?

Jamie, Jamie Birge, come on up.

Rob, you came after we began, so let me rundown for you that you have five minutes, and although we have no other speakers, we are going to keep to that. The yellow means your four minute warning, red means stop.

Please state your name and your organization for the court reporter and speak as close to the microphone as possible.

Thank you very much. It is to your benefit as well.

MR. TIETZE: My name is Rob Tietze, I am the director of the Philadelphia Experience Corps Flagship for National Program. It is across the country and I am going to tell you a story. We're housed at Temple University, by the way, which is an academic institution focused on evaluation and I want to talk about two things, on the impact on the growth and the impact on the (inaudible).

About four years ago, I talked to Fran Deil, the principal at Pennypack Elementary School. We were in ten schools and had 140 volunteers. I talked to Fran and she said, you know, I have had volunteers in the school before, I don't really think we can make this work, generally, they're not dependable, they don't give us enough intensity of service, we have no resources to manage volunteers in our school. In another life I think I was a car salesman, so I convinced Fran to give us one year, which she did. She is now in her fourth year of Experience Corps. This year we will be in 35 to 37 schools, about 500 volunteers, probably close to 200,000 hours of service serving over 3,000 children. The children we work with are severe remedial in reading. On average, kids are improving over one grade level through the program, fourth and fifth graders almost two grade levels. The school district has become profoundly impressed with the program and almost a third of our budget is funded through the school district. They see it as an important part of their academic vision.

The reason I tell that story is because I think AmeriCorps provides an important stability to growth of the programs. Without AmeriCorps, we don't have the foundation on which we can grow and accumulate other sources of funding, I believe, from the schools, foundations, and, hopefully, in the future, from corporate sources. I think that's part of what governmental funding should do, stimulate the program growth. The impact of this rule change this year would force us to remain in 27 schools and essentially limit our growth in the future, and, in fact, we would have to (inaudible) this program.

Our plan calls for us to go 50 schools and have over 1,000 volunteers, all of whom are over 55 years of age. We have 180 quarter time slots; so, the remainder of our volunteers are funded through other sources.

So, even though I think we are living up to the spirit of what AmeriCorps is intended to do, it seems like a program, even of our size, is going to be forced to contract and limit our ability to really serve the community and, therefore, I think it is counter intuitive for what AmeriCorps is around to do, (inaudible), growth and stigma. I also think it will impact quality as AmeriCorps can provide opportunities to seek out money from other sources which increases the quality of management and coordination.

The second part around evaluation, I believe, being from Temple University, that it is important to know whether you are being effective, how you are being effective, and continue to improve your program. Just like any business, you have to know what you are doing well and not doing well. It costs money to do that. And while I applaud AmeriCorps rule change to increase evaluation, I think that this has to be really well thought out and there ought to be some source of either separate funding or real dialogue around how to further evaluation. If it is taken out of decreasing funds, I don't see how that's going to strengthen the program or inform all of us who have AmeriCorps and legislators on the effectiveness.

So, those issues are my concern and I appreciate the opportunity to talk and wish you well.

MS. VAN DER VEER: Thank you so much.

MR. EISNER: I have got a couple of questions I wanted to clarify.

One is that you stated the impact of the intended rules on your organization would have pushed you down in terms of the number of schools you were in. I thought you said that you started four years ago.

MR. TIETZE: We started nine years ago, which I think we are sustainable, since we started nine years ago in two schools.

Four years ago, Fran Deil of Pennypack came on and we were in about 12 schools at that point. This year, we are in 35 to 37.

What will happen with a 50 percent increase, it will force us to shift monies to fund our 180 AmeriCorps members and not be able to fund 90 other volunteers for stipends; so, that would reduce the number of volunteers we can have.

MR. EISNER: Thank you.

The other comment I wanted to catch, you noted that the rules increase evaluation. I would like to focus on that.

What we meant here was decrease in terms of the number of organizations that had new evaluation and new member (inaudible) going from a four year to five year cycle.

Can you identify an area where you think that the rules increase (inaudible) evaluation?

MR. TIETZE: Well, I think in terms of increasing evaluation funding is important.

I guess what I am getting at is there is a lot of intention to get that evaluation, but not enough money to do that.

Now, if there is an increase in the budget, for instance, if we receive a \$300,000 AmeriCorps grant, the majority of that is going to fund stipends; so, having enough money in the budget to do a \$50,000 evaluation or \$100,000 --

MR. EISNER: The rules, again, as we understand its impact, is what I am trying to make sure. That fact that we did participate, unless you receive \$500,000 or more, there actually is no evaluation, period, which is removing the obligation, and again, (inaudible) a four year obligation or five year obligation. I am just trying to ask are you perceiving that in some way the rule is increasing the obligation for evaluation?

MR. TIETZE: Well, I think for us we will be over \$500,000; so, obviously, we'll be -- our leverage is fine.

I think that having more substantial support in funding, specifically for evaluation, I guess is where I am heading with this, which may or may not coincide with rule changes, but I think providing more support for evaluation is important and required (inaudible). Over \$500,000, we will need to continue our evaluation, but it is expensive, and even though we get a lot of the support from Temple, it makes it difficult to do the type of evaluation we would like to do; so, I am not sure what those requirements are going to be for the over \$500,000 yet, but I guess if the rule is providing increased funding for evaluation and not taking away funding from the program implementation, then I would very support that.

If it is taking away from the program implementation and portioning the requirement to use those funds for evaluation, I think that's being counter productive too.

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you, Rob.

Jamie, you are next.

MR. BIRGE: Good morning, and thanks for the opportunity to address you.

My name is Jamie Birge and I am the director of the Pennsylvania Campus Compact. Campus Compact is an association of college and university presidents committed to the specific nature of higher education.

Thanks again for the opportunity to be here, and most of the other states in which these will be held are also Campus Compact states and I hope that my colleagues will join you there.

Today, I just have a very focused comment about the change in the rule that will reward applications that reduce the cost per FTE, and, in fact, it is, indeed, a reward. In the language of the summary, it talks about reduction of cost per FTE will increase or improve the chance of funding. I want to look at that.

A number of people today already testified their concerns about that, but I think I have a couple of distinct concerns that have not been articulated and I would like them to become part of the record.

The first is that my concern is one that I also see in higher educational (inaudible) is that there is a shift in culture that appears to be happening and that is a shift from the idea of governments as a bureaucracy, and I mean that not in the pejorative sense, but in the healthy sense that is a structural equity built so that everybody has a fair chance

at services or whatever, but there seems to be a shift away from that government bureaucracy to a corporate idea of how we disseminate programs efficiently, with more efficiency and effectiveness, and that's the appearance to me. I am not saying that is the reality, but that's the appearance, and that concerns me because I think historically the corporation has really focused on how do we provide the best services that are efficient and effective and it seems to me that there seems to be a heavier emphasis on efficiency.

So, I am concerned about that direct tie between reward and reduction in cost per FTE.

I also note that as unintentional as it is, I am sure, we cannot help but dodge the image, that tying that reward to the reduction intentionally does something that we don't want to happen and that is that many AmeriCorps programs take place in communities that are pushed to the brim of society, they are marginalized either economically or educationally and in many cases that community has arrived at that through continual reduction in these services or increases in costs and here we have a program that for a number of years has really focused on trying to serve those marginalized communities and here we are stepping in to say we are going to do what has been done historically to you. The image, at best, is that it is unjust, and, at worst, racist or classist. As I said, I think that's an unintentional outcome, but it is potentially an image, and to many of these communities, image is a reality.

I also want to comment that that reduction in the cost per FTE creates competition, but, as I think the first speaker noted,

competition is good, and I agree with that, but I think that this decreases healthy competition and increases unhealthy competition.

The reality is that when applications or call for proposals are announced in higher education many institutions get together to talk about what their applications will look like, they compare and they share and they find ways to leverage their relationships to increase the quality of their

applications. I think what will happen is instead of talking about how to increase that quality, what will happen implicitly and piously is that those conversations will be about how do I make my cost lower than my colleague across the state so that I am more (inaudible) and that is unhealthy competition.

I don't have a suggestion for you about how to change that, other than that's the reality of what potentially could happen, is we will have this unhealthy competition.

My point is that I would agree with, I think it was Marty Friedman who said this, instead of looking at a reduction, why aren't we looking at an increase in cost per FTE. Everything increases, all costs increase. The cost of supervision increases, all costs of training increase, the cost of feeding and housing our AmeriCorps meetings and trainings increases, the cost of administering our federal government increases. At least let's look at some of those other cost indicators, such as (inaudible) increases and here I suggest tying the same increase to the rate of increase that (inaudible) each year. We should be looking at increases rather than decreases.

Thank you.

MR. EISNER: I would like to ask a couple of background questions.

In focusing on the competitive elements around the cost, the cost of the program, are you saying that it should not be a factor or it should not be something (inaudible).

MR. BIRGE: In the rulemaking it talks about that the lower cost per FTE will increase your chances, but then to your credit I will say you qualify that by saying we are still going to be looking at quality and, you know, all of those other dimensions and that is a great thing on paper. The reality is that people are not going to look as hard at that. I think the first blush of their proposal, the first draft of their proposal, will be how do we keep our costs lower than the other person so we are more competitive. I think it is --

MR. EISNER: I just want to make sure --

MR. BIRGE: I think it is fair to look at that. There is no question about that, but to tie the language of reducing the cost per FTE to the reward of an increased chance for funding, I think creates inequity.

The reality is the people in this room and the people that you meet across the country, we have a heart for this work. We don't want to compete with one another the way that corporations compete or the way that corporations try to keep costs low. We have a heart for this work and don't want to compete with each other that way, but the language of this rule change suggests explicitly that there should be that competition; so, whether it can be corrected through semantics or some other method, I think it needs to be clarified.

MR. EISNER: The follow-up question will be, and I think you answered my question, correct me if I am wrong, by saying that it can be factor, but it should not be as pronounced or as focused the way it is.

I guess I would ask the next question, as we set out the criteria, 50 percent, we identified 50 percent of the criteria is on the quality of the program, 25 percent of the criteria is on the efficiency of the program of which a portion (inaudible) around cost. Are you saying that's insufficient weighting of our criteria?

MR. BIRGE: Well, I think you have heard consistently today from other people's testimony, in addition to mine, it is a concern to people how you have (inaudible) it.

MR. EISNER: I think most of the testimony was really about the requirements around matching. Folks did mention it as a criteria.

I think your testifying is really focusing in, hopefully, on the issue of what is in the criteria, how we focus on cost as a competitive element in determining --

MR. BIRGE: Sure. I think we can still look at monitoring and evaluating cost efficiency without creating an undue level of competition that is unhealthy with people who share their information. Regardless of whether you continue with the proposal to reduce the cost/FTE, or even increase it, as Marty had suggested, the 2002 level of \$12,800, which I would highly support, regardless of what you do, I think you need to be very careful about saying that we are indeed interested in considering cost, but not at the sake of driving down the intent or good quality programs. Right now, the way that I read that,

and maybe I am the only one, but the way that I read that is that if you have a lower cost per FTE, if I have it at lower cost, I am going to have a better chance of funding than somebody else.

In reality, images that that other element quality is not as important, that's the perception.

MR. EISNER: Thank you.

MS. VAN DER VEER: Thank you, Rob and Jamie.

Is there anyone else who would like to make a comment at this time?

Okay.

MS. JOHNSON: Thank you very much.

I left Michigan this morning and it has been very worthwhile, it was worth the trip, and I have learned some very constructive ideas that I think will be helpful in the deliberations. As David said, I am a member of the rulemaking subcommittee of the corporation's board and I can tell you we have worked long and hard and, frankly, I am delighted to have some meat on the bones around some of these specific issues and I thank you very much.

MR. EISNER: I want to add to that I think this has been a terrific couple of hours and each of the comments was insightful and helpful and I really appreciate the level of dedication and the care that went in not only to the content, but to the tone of the comments and all of your willingness to engage us.

Thank you very much.

MS. VAN DER VEER: I want to comment on what will happen from here. At the conclusion of the comment period, the public comments will be considered and a final ruling will be published, together with a summary of the response to all of the comments that we received; so, you can expect that by the rule date, no sooner than 30 days after its publication in the federal legislature.

So, we're coming along to the end of the process and, again, we appreciate all of your participation.

For those corporation staff who are here to meet with David, that is going to take place at 1:00 in Saloon J, and most of the grantees here know, and David mentioned earlier, that you are welcome to join him for Q&A on any issue that you would like to bring up, an informal discussion, and that's going to take place back here in this room at 2:00.

And there was a question?

AUDIENCE MEMBER: I just wanted to make sure this committee will be at the 2:00 meeting?

MS. VAN DER VEER: This room right here is where we will be at _____, just for a general
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MR. EISNER: I will be here, but I am not sure if Dottie will.

MS. JOHNSON: Unfortunately, I have to depart at 2:00.

AUDIENCE MEMBER: I did not bring up things, but I can bring them up to you this
afternoon. They're not all rulemaking; so, I did not want to --

MS. VAN DER VEER: That's why we are having the 2:00 session, to have an opportunity
for us to hear from grantees on a variety of subjects.

Thank you so much for being here.

Thanks again to the Pennsylvania State Office and Jorina and her crew.

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(The meeting concluded at 11:30 a.m.)

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